U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.771.7800

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

May 7, 2018

Mr. Joshua Etzel
VP – Operations and Engineering
Kinder Morgan Liquid Terminals, LLC
78 Lafayette Street
Carteret, NJ 07008

CPF 1-2018-5017M

Dear Mr. Etzel:

From September 11 to 13, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Kinder Morgan Liquid Terminals, LLC's (KMLT) procedures and records for breakout tank cathodic protection in Carteret, New Jersey.

On the basis of the inspection, PHMSA has identified the apparent inadequacy found within KMLT's plans or procedures, as described below:

1. **§195.402 Procedural manual for operations, maintenance, and emergencies.**

   (c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

   (3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.

KMLT's procedures were inadequate for operating, maintaining and repairing cathodic protection installed on breakout tanks, as per § 195.565. Specifically, KMLT's procedures did not provide guidance on which breakout tanks meet compliance with § 195.3(b)(5), incorporated by reference ANSI/API Recommended Practice (RP) 651.

Section 195.565 states, "After October 2, 2000, when you install cathodic protection under §195.563(a) to protect the bottom of an aboveground breakout tank of more than 500 barrels 79.49m3 capacity built to API Spec 12F (incorporated by reference, see §195.3), API Std 620 (incorporated by reference, see §195.3), API Std 650 (incorporated by reference, see §195.3), or API Std 650's predecessor, Standard 12C, you must install the system in accordance with ANSI/API RP 651 (incorporated by reference, see §195.3). However, you don't need to comply with ANSI/API RP 651 when installing any tank for which you note in the corrosion control procedures established under §195.402(c)(3) why complying with all or certain provisions of ANSI/API RP 651 is not necessary for the safety of the tank."

During the inspection, the PHMSA inspector requested procedures related to breakout tank cathodic protection. KMLT provided the following Procedures:

- CS 16602 – Cathodic Protection Equipment Installation
- EDS 16602 – Cathodic Protection
- T-O&M 903 – External Corrosion Control for Buried or Submerged Pipelines

According to § 195.565, cathodic protection systems on breakout tanks must be installed in accordance with ANSI/API RP 651. The Procedures reviewed did not indicate any guidance to the aforementioned standard, nor did the Procedures state why compliance with all or certain provisions of ANSI/API RP 651 is not necessary for the safety of existing tanks where ANSI/API RP 651's installation provisions were not followed.

During the inspection, the PHMSA inspector asked KMLT where the Procedures were located. KMLT could not provide documentation in their Procedures which justifies not complying with ANSI/API RP 651.

In subsequent follow-up discussions KMLT stated, "The tanks were determined to be DOT on October 1, 2003. Memo from Dan Kowal is attached." "There were two documents we left out of the table below (added below highlighted in yellow) – T-O&M SSP 900-002, Carteret Tank CP Plan dated 10/23/17 and T-O&M SSP 900-001, Perth Amboy Tank CP Plan dated 10/9/17." These documents were created after the inspection. Additionally, the documents were not incorporated by reference into KMLT's O&M manual, nor did they state compliance to § 195.565.

Therefore, KMLT's Procedures were inadequate for operating, maintaining and repairing cathodic protection installed on breakout tanks, as per § 195.565.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Kinder Morgan Liquid Terminals, LLC maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. Please refer to **CPF 1-2018-5017M** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*